



# Phases of the recovery

Governor Kim Reynolds'  
Economic Recovery Advisory Board

June 25, 2020

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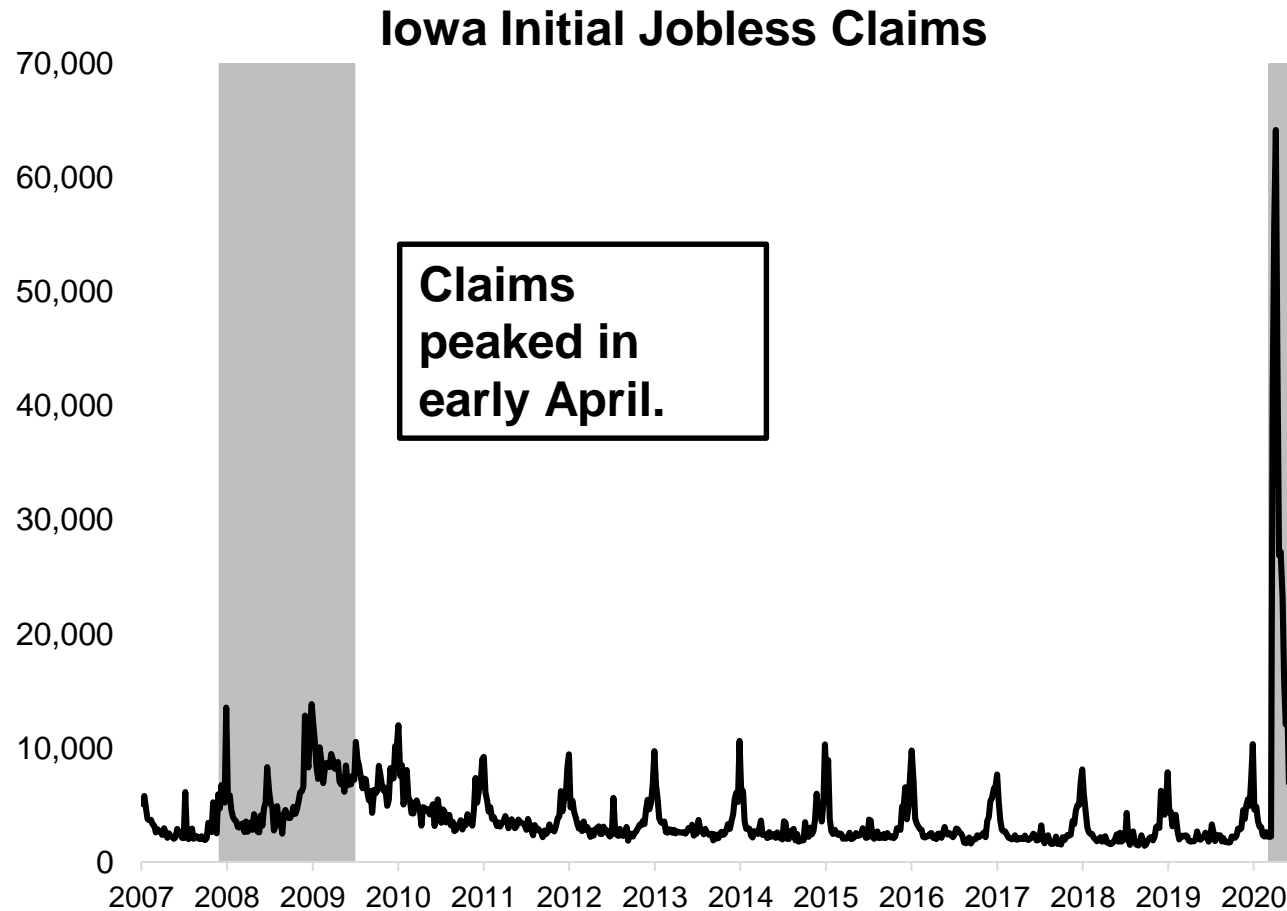
# Phases of the economic recovery

- Stabilize
  - The economy reaches a nadir.
  - Activity and employment trough, the unemployment rate and jobless claims peak.
- Recover
  - The bottoming out ends.
  - Activity and employment rebound, the unemployment rate and jobless claims decline.
- Grow
  - Activity and jobs moves beyond its previous peak.
  - New businesses are being created, current businesses expand and invest.

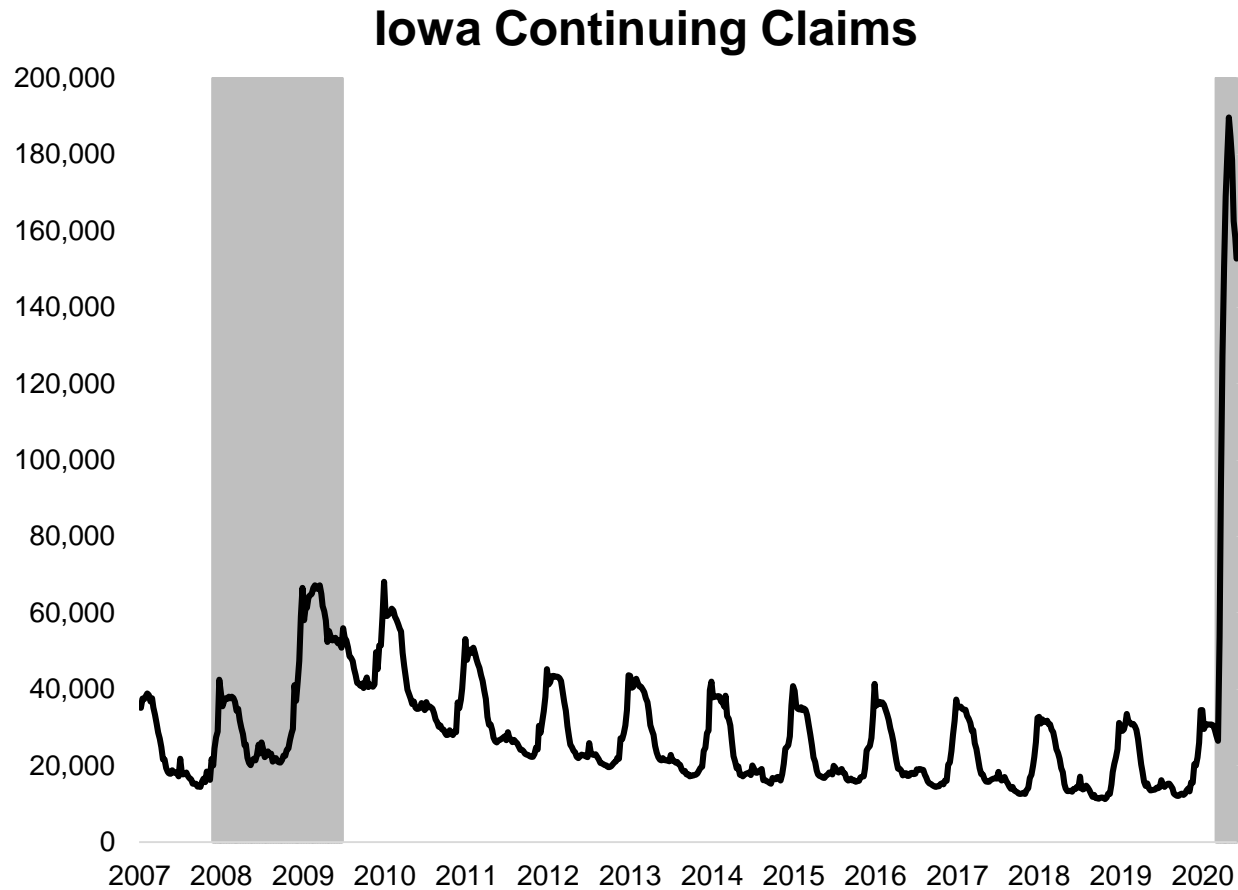
# Unprecedented shock

- Pre-COVID
  - The economy was okay, but weakness in manufacturing and ag.
- Then, a huge blow
  - Unheard of spike in jobless claims.
  - All time high unemployment rate.
  - Service sector jobs hit hard first.
  - But, now manufacturing worst off.

# Extraordinary

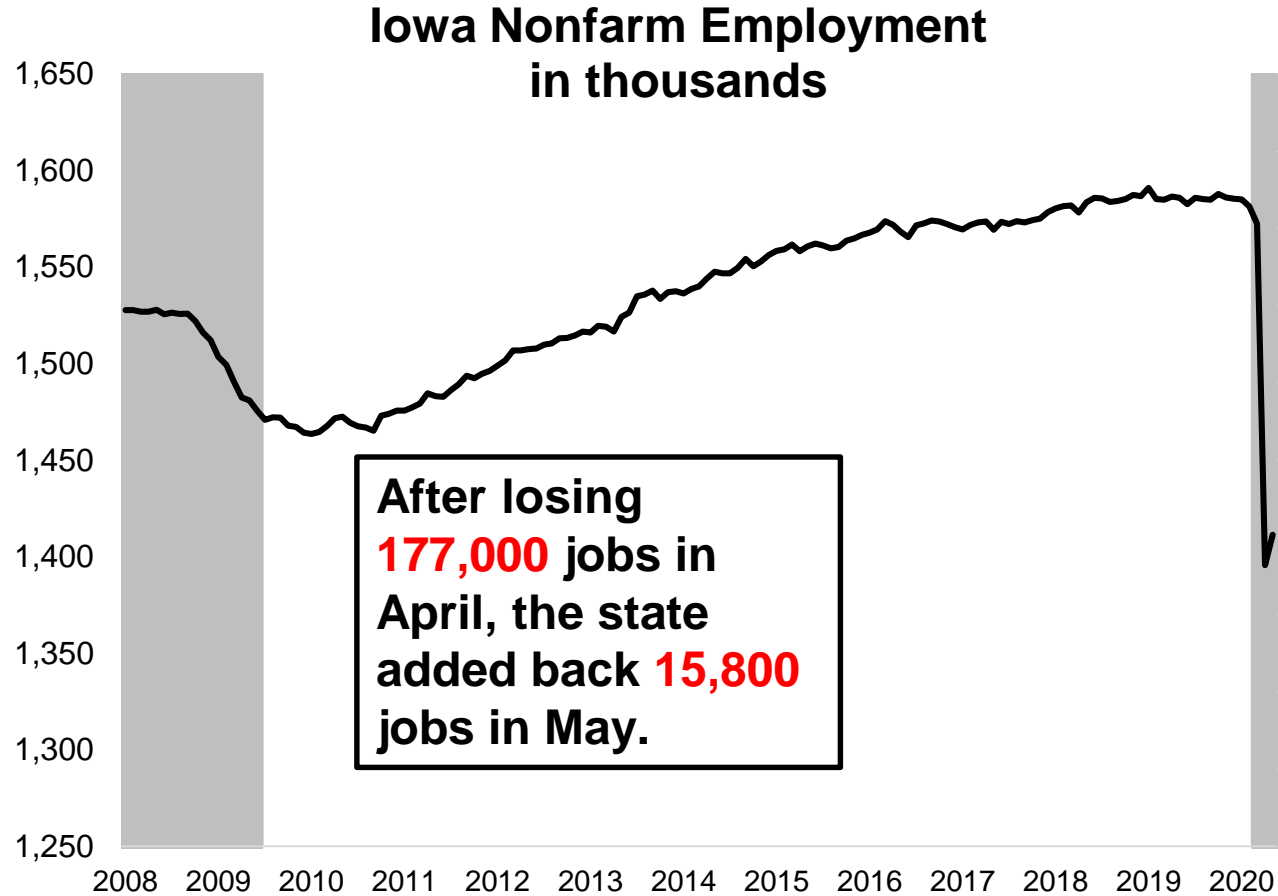


# Still elevated



Source: St. Louis Federal Reserve FRED  
NBER recession shading in grey

# A tentative bounce



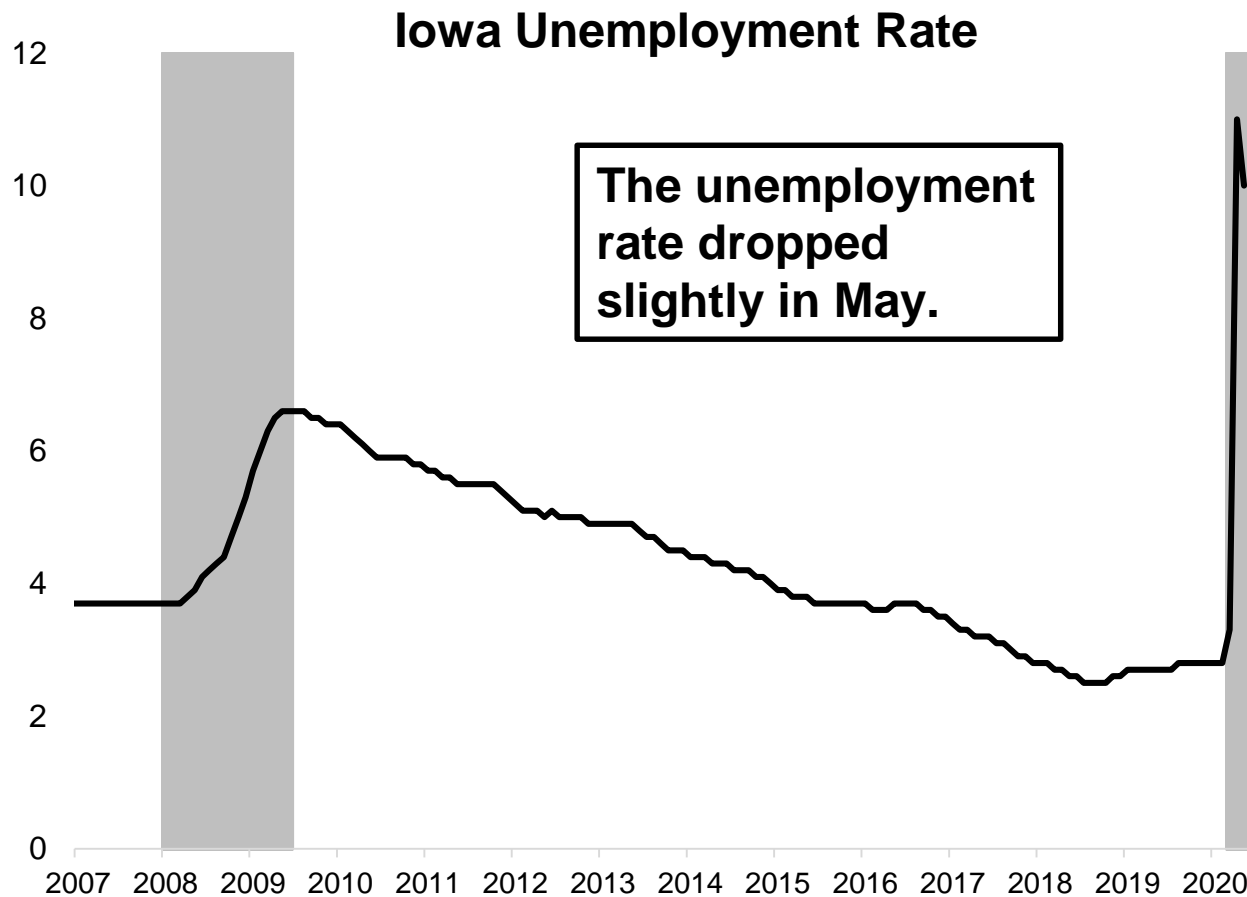
# Job gains by industry (in thousands)

|   | Apr-20 | May-20 | Change |
|---|--------|--------|--------|
| <b>Total Nonfarm</b>                        | 1395.5 | 1411.3 | 15.8   |
| <b>Mining</b>                               | 2.2    | 2.2    | 0.0    |
| <b>Construction</b>                         | 70.1   | 69.8   | -0.3   |
| <b>Manufacturing</b>                        | 212.3  | 215.2  | 2.9    |
| Durable Goods                               | 122.4  | 122    | -0.4   |
| Nondurable Goods                            | 89.9   | 93.2   | 3.3    |
| <b>Trade &amp; Transportation</b>           | 287.9  | 289.1  | 1.2    |
| Wholesale Trade                             | 65.0   | 63.8   | -1.2   |
| Retail Trade                                | 155.9  | 161    | 5.1    |
| Transportation                              | 67.0   | 64.3   | -2.7   |
| <b>Information</b>                          | 19.6   | 19.7   | 0.1    |
| <b>Financial Activities</b>                 | 107.8  | 107.8  | 0.0    |
| Finance & Insurance                         | 93.3   | 93.3   | 0.0    |
| Real Estate and Rental and Leasing          | 14.5   | 14.5   | 0.0    |
| <b>Professional &amp; Business Services</b> | 123.8  | 125.4  | 1.6    |
| Prof, Scientific & Tech Services            | 49.1   | 49.6   | 0.5    |
| Management of Companies                     | 19.8   | 19.9   | 0.1    |
| Admin & Support                             | 54.9   | 55.9   | 1.0    |
| <b>Educ. &amp; Health</b>                   | 212.5  | 211.7  | -0.8   |
| Educ. Services                              | 32.8   | 31.3   | -1.5   |
| Health Services                             | 179.7  | 180.4  | 0.7    |
| <b>Leisure &amp; Hospitality</b>            | 71.4   | 89.6   | 18.2   |
| Arts, Entertainment and Recreation          | 8.8    | 15.8   | 7.0    |
| Accomm & Food Services                      | 62.6   | 73.8   | 11.2   |
| <b>Other Services</b>                       | 48.9   | 50.2   | 1.3    |
| <b>Government</b>                           | 239.0  | 230.6  | -8.4   |
| Federal Govt.                               | 17.7   | 17.8   | 0.1    |
| State Govt.                                 | 59.7   | 59.5   | -0.2   |
| Local Govt.                                 | 161.6  | 153.3  | -8.3   |

**Strong gains in leisure and hospitality and retail trade. Losses in local government.**

Sources: Bureau of Labor Statistics, Iowa Workforce Development

# Record high



Sources: Bureau of Labor Statistics, Iowa  
Workforce Development  
NBER recession shading in grey



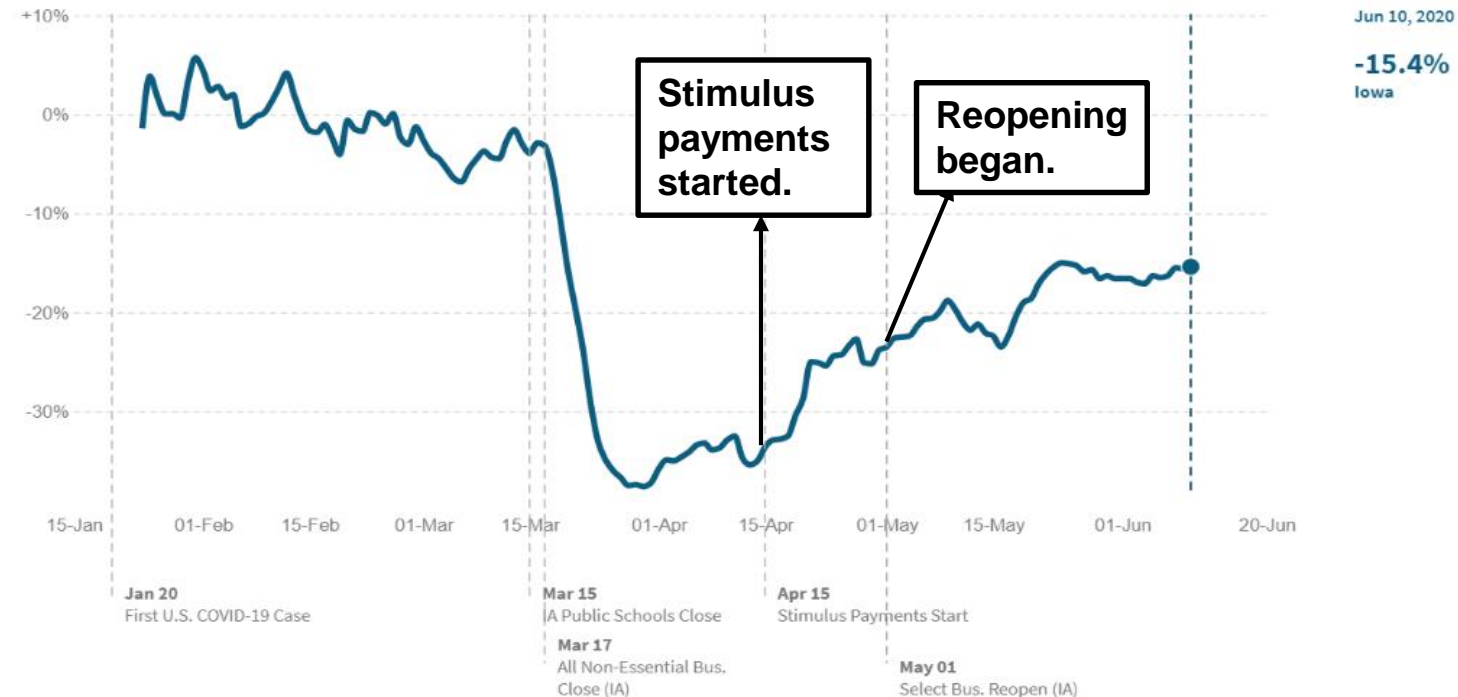
# Real time data

- Typical government data generally comes out with a significant lag.
- Real time data sources provide a more timely snapshot of the economy.
  - Card transactions and processing
  - Scheduling and time tracking
  - Job postings
  - Traffic

# Consumer spending since January

## Percent Change in All Consumer Spending\*

In **Iowa**, as of June 10 2020, total spending by all consumers decreased by **15.4%** compared to January 2020.



\*Change in average consumer credit and debit card spending, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Affinity Solutions.

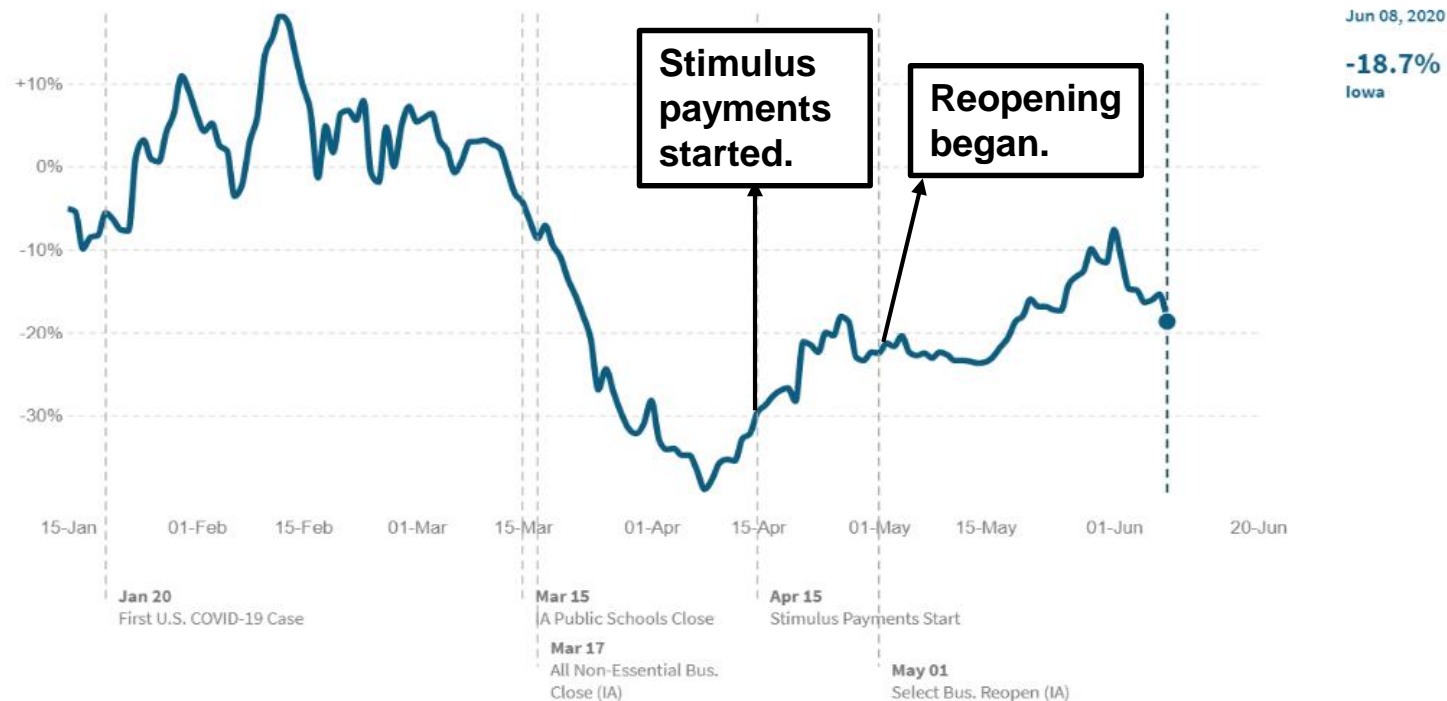
last updated: **June 17, 2020** next update expected: **June 23, 2020**

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# Small business revenue since January

## Percent Change in Small Business Revenue\*

In **Iowa**, as of June 08 2020, total small business revenue decreased by **18.7%** compared to January 2020.



\*Change in net business revenue for small businesses, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

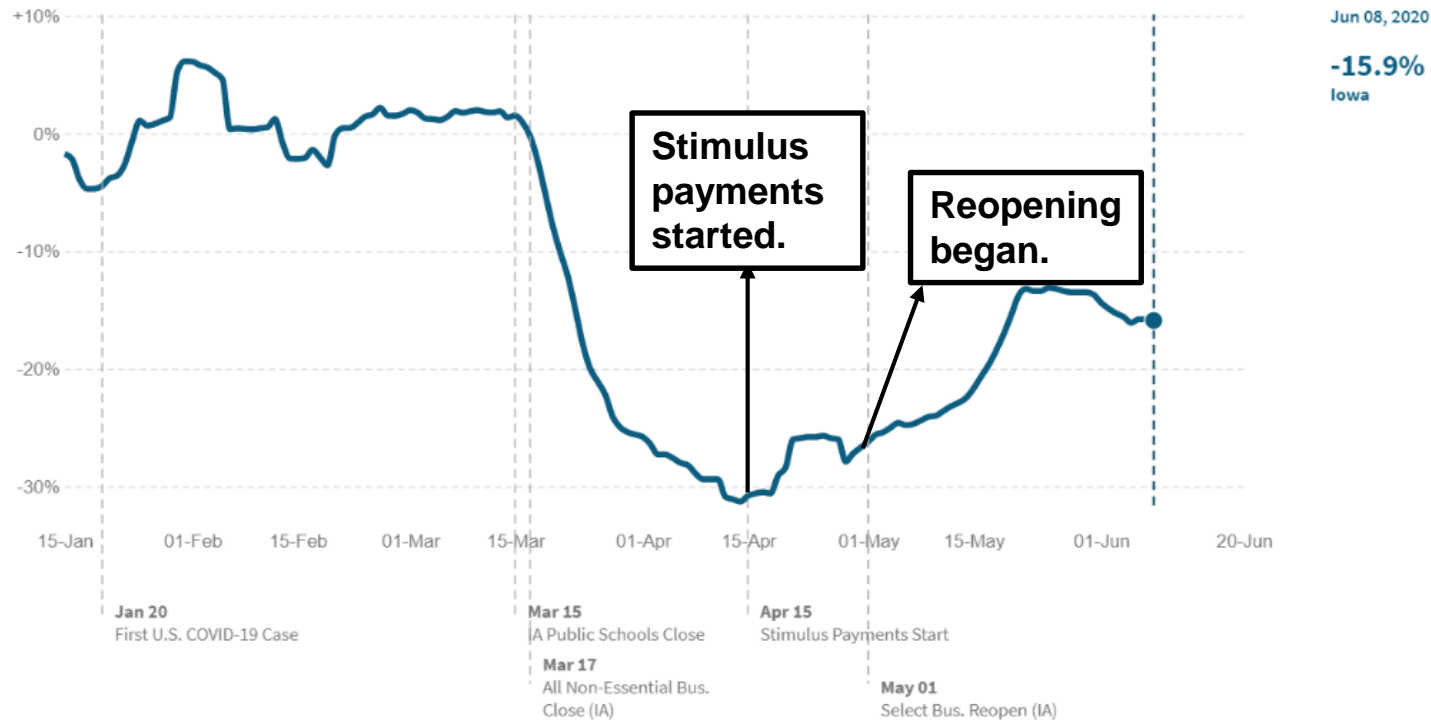
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# Small businesses openings since January

## Percent Change in Number of Small Businesses Open\*

In **Iowa**, as of June 08 2020, the number of small businesses open decreased by **15.9%** compared to January 2020.



\*Change in small businesses open (defined as having financial transaction activity), indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

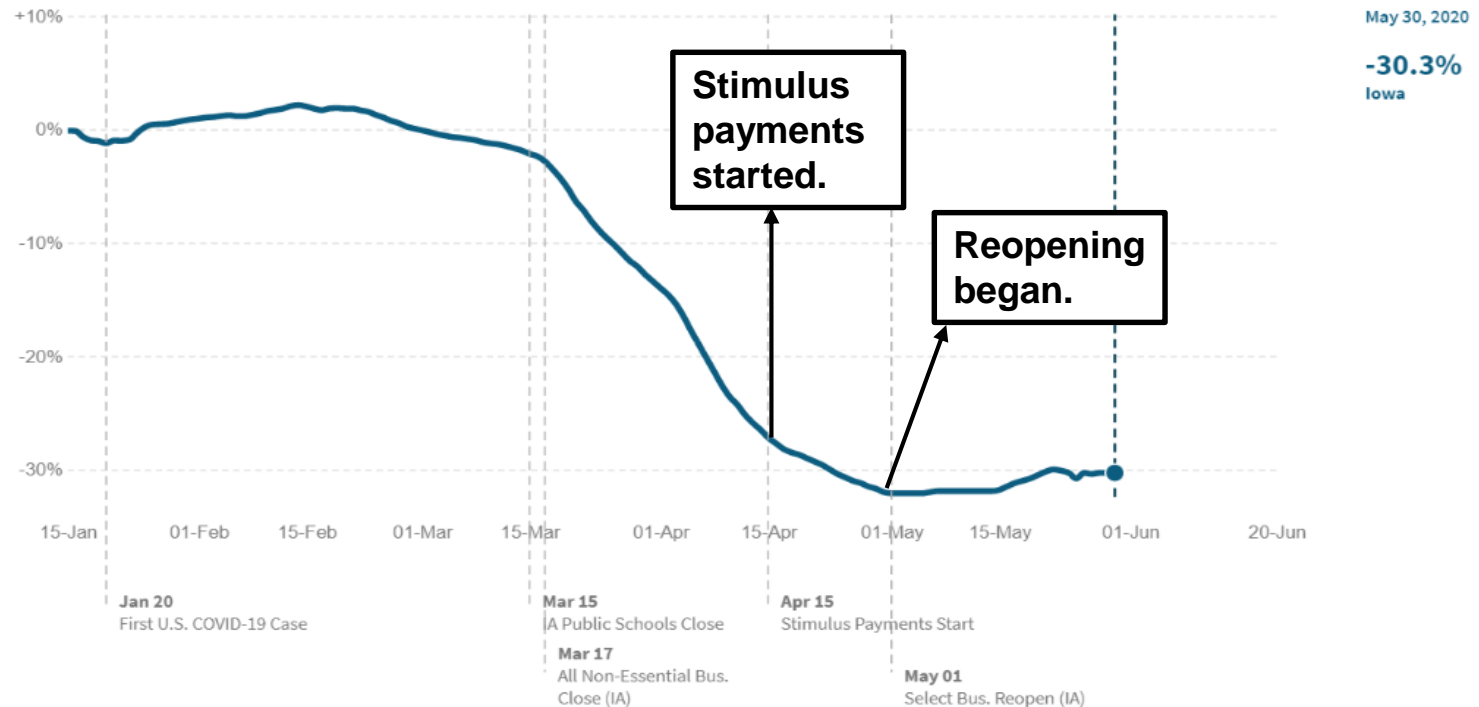
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# Low income employment since January

## Percent Change in Employment among Low-Income Workers\*

In **Iowa**, as of May 30 2020, employment rates among low-income workers decreased by **30.3%** compared to January 2020.



\*Change in employment rates among low-income workers (median annual after-tax income ~\$20,000), indexed to January 4-31 2020. This series is based on data from Earnin and Homebase.

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# How has the recovery progressed?

- Clear signs activity growth bottomed in early April, at the same time initial jobless claims peaked.
  - Stimulus payments may have goosed spending.
- Tentative signs of job growth and falling unemployment.
  - But, the labor force participation rate has declined.
  - There is not a lot of breadth in job gains.
- Key risks to watch
  - Weakness in manufacturing.
  - Spillover from other states.

# What's next?

- Support a *sustainable* recovery.
- Prevent a relapse.
- What type of recovery will we have?
  - V-shaped
  - U-shaped
  - Swoosh
  - L-shaped
  - W-shaped



**Questions?**